

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

APPROVED BY THE COMMISSION ON JUNE 29, 1998

W.H. Stevens, Jr., Hearing Officer

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MASS-SAVE, INC.) D.T.E.. 98-39

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PETITION FOR APPROVAL OF

MASS-SAVE'S FY 1999 BUDGET

Petition of Mass-Save, Inc., pursuant to G.L. c. 164 app., §§ 2-1 through 2-10 and

220 C.M.R. § 7.00 et seq., for approval by the Department of Telecommunications and Energy of Mass-Save's proposed operating budget of the Energy Conservation Service Program for the period July 1, 1998 through June 30, 1999.

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Mass-Save, Inc. ("MSI" or "Petitioner"), pursuant to G.L. c. 164 App., §§ 2-1 through 2-10 and 220 C.M.R. §§ 7.00 et seq., requests approval by the Department of Telecommunications and Energy ("Department") of MSI's proposed operating budget of \$3,633,095 for its residential energy conservation services ("ECS") program for the fiscal year July 1, 1998 through June 30, 1999 ("FY 1999"). In support of its petition MSI states the following:

1. MSI is an independent, non-profit corporation sponsored by investor-owned electric and gas utilities and municipal light departments in Massachusetts. MSI provides ECS services to the following investor-owned utilities: (1) Blackstone Gas Company;
- (2) Cambridge Electric Light Company; (3) Colonial Gas Company (Cape Cod and Lowell Divisions); (4) Commonwealth Electric Company; (5) Eastern Edison Company;
- (6) Essex County Gas Company; (7) Fall River Gas Company; (8) Fitchburg Gas and Electric Light Company; (9) Massachusetts Electric Company and Nantucket Electric Company;
- (10) North Attleboro Gas Company; and (11) Western Massachusetts Electric Company. MSI also provides multi-family building services to the above-mentioned investor owned utilities and to (1) Bay State Gas Company; (2) Berkshire Gas Company; (3) Boston Gas Company; and (4) Commonwealth Gas Company. MSI also provides ECS and multifamily services to 13 municipal utility companies.

2. Pursuant to G.L. c. 164 App., §§ 2-1 through 2-10, the Commonwealth of Massachusetts Division of Energy Resources ("DOER") must adopt a state plan and promulgate regulations necessary to implement that plan. DOER is responsible for (a) establishing residential energy and conservation goals ("goals"); (b) establishing ECS program guidelines; (c) monitoring the implementation of the program requirements; and (d) overseeing the implementation of the state plan by approving a utility implementation plan ("UIP").

3. In support of this Petition, MSI hereby incorporates into this Petition the exhibits MSI filed with the Department in support of its proposed budget. The following exhibits are incorporated into this Petition: Exhibits MSI-1 through MSI-31.

4. DOER has reviewed and approved MSI's FY 1999 UIP. Exhibit MSI-2.

5. MSI's total budget for FY 1999 is \$3,633,095. Exhibit MSI-16.

6. MSI developed allocation factors, or participating percentages, based on the proportionate number of residential customers served by each member utility relative to the number of residential customers served by all of the member utilities participating in the respective audit programs. MSI has allocated shares of the FY 1999 budget to the member utilities based upon these allocation factors. Exhibit MSI-26.

7. The allocation factor assigned to each investor-owned utility member participating in the one-to-four Unit Building program was as follows: (1) Blackstone Gas Company, 0.04664 percent; (2) Cambridge Electric Light Company, 2.01936 percent; (3) Colonial Gas Company (Cape Cod Division), 3.30742 percent; (4) Colonial Gas Company (Lowell Division), 3.48918 percent; (5) Commonwealth Electric Company, 15.61767 percent; (6) Eastern Edison Company, 8.74256 percent; (7) Essex County Gas Company, 2.02203 percent; (8) Fall River Gas Company, 2.24020 percent; (9) Fitchburg Gas and Electric Light Company (Gas) 0.79437 percent and (Electric) 1.36214 percent; (10) Massachusetts Electric Company, 45.52030 percent and Nantucket Electric Company, 0.45355 percent; (11) North Attleboro Gas Company, 0.16289 percent; and (12) Western Massachusetts Electric Company, 9.50868 percent. Exhibit MSI-26. The remaining costs were allocated to municipal electric departments that are member utilities of MSI. Exhibit MSI-26.

8. The allocation factor assigned to each investor-owned utility member participating in the Multi-Family building program was as follows: (1) Bay State Gas Company, 8.21979 percent; (2) Berkshire Gas Company, 0.99969 percent; (3) Blackstone Gas Company, 0.03089 percent; (4) Boston Gas Company, 17.04017 percent; (5) Cambridge Electric Light Company, 1.33747 percent; (6) Colonial Gas Company (Cape Cod Division), 2.19058 percent; (7) Colonial Gas Company (Lowell Division), 2.31097 percent; (8) Commonwealth Electric Company, 10.34397 percent; (9) Commonwealth Gas Company, 7.50790 percent; (10) Eastern Edison Company, 5.79041 percent; (11) Essex County Gas Company, 1.33924 percent; (12) Fall River Gas Company, 1.48374 percent; (13) Fitchburg Gas and Electric Light Company, 1.42831 percent; (14) Massachusetts Electric Company, 30.14921 percent and Nantucket Electric Company, 0.30040 percent; (15) North Attleboro Gas Company, 0.10789 percent; and (16) Western Massachusetts Electric Company, 6.29783 percent. Exhibit MSI-26. The remaining costs were allocated to municipal electric departments that are member utilities of MSI. Exhibit MSI-26.

9. MSI's projected unit costs for FY 1999 compares favorably with unit costs of other ECS providers. Exhibit MSI-30.

10. MSI's ECS budget filing complies with the requirements established in

G.L. c. 164 App., §§ 2-1 through 2-10; 220 C.M.R. §§ 7.00 et seq.; and the filing requirements set forth in Mass. Save, Inc., D.P.U. 85-189, at 15-16 (1985).

11. MSI's July 1, 1996 through June 30, 1997, fiscal year 1997 ("FY 1997") expenses were \$4,047,850, compared to its twelve-month budget of \$4,246,326. Exhibit MSI-4. In Mass-Save, Inc., D.P.U. 96-49 (1996), the Department approved net operating expenses of \$2,967,727 for MSI for the first nine months of FY 1997. MSI provided justification for all expenses that varied by \$2,000 or more from the approved FY 1997 budget. Exhibit MSI-29. MSI states that its twelve-month expenditures for FY 1997 are reasonable and recoverable from the ratepayers of MSI's member utilities.

12. MSI's actual nine-month expenses of fiscal year 1998, July 1, 1997 through June 30, 1998 ("FY 1998"), were \$2,918,745, and its estimated expenses for the final three months of FY 1998 are \$1,077,123. Exhibit MSI-16. MSI provided an explanation of its expenditures for the first nine months of FY 1998. MSI-16. MSI also provided justification for all budget line-items that varied by more than \$2,000 from the budget approved in Mass. Save, Inc., D.P.U. 97-60 (1997). Exhibit MSI-17. MSI states that its expenditures of \$2,918,745 for this nine-month period are reasonable and therefore recoverable from ratepayers. Mass-Save requests that the Department review MSI's actual expenditures for the final three months of FY 1998 in the next annual budget review.

13. The line-item budget expenditures proposed by MSI to meet its FY 1999 goals are consistent with the UIP approved by DOER and MSI concludes that these expenditures are reasonable.

14. MSI concludes that a net operating budget of \$3,633,095 for FY 1999 is reasonable and requests that the Department review the actual FY 1999 expenditures in the next annual budget review.

Wherefore, the Petitioner, Mass-Save, Inc., hereby respectfully prays that the Department approve, after publication of notice, and as required by applicable law and regulations, MSI's proposed ECS budget for the months July 1, 1998 through June 30, 1999.

Respectfully Submitted,

MASS-SAVE, INC.

By its attorney,

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